



0000160237

ORIGINAL

RECEIVED

2015 FEB -6 P 4: 34

AZ CORP COMMISSION
DOCKET CONTROL

Lisa Malagon
Leader
Federal and State Compliance

Mail Station 9712
PO Box 53999
Phoenix, Arizona 85072-3999
Tel 602-250-5671
Elisa.Malagon@aps.com

February 6, 2015

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

RE: Arizona Public Service Company ("APS" or "Company")
Docket No. E-00000J-13-0375
Comments to Commissioner Bob Burns' letter regarding IRP workshop

Attached please find the Company's Comments to Commissioner Bob Burns' letter dated January 27, 2015 regarding a workshop to discuss Integrated Resource Planning to be held February 26, 2015.

If you have any questions regarding this information, please contact Greg Bernosky at (602)250-4849.

Sincerely,

Lisa Malagon

LM/sb
Attachment

cc: Parties of Record
Steve Olea
Terri Ford

Arizona Corporation Commission
DOCKETED

FEB - 6 2015

DOCKETED BY	
-------------	--

1 Thomas L. Mumaw, AZ Bar No. 009223
2 Melissa M. Krueger, AZ Bar No. 021176
3 Pinnacle West Capital Corporation
4 400 North 5th Street, MS 8695
5 Phoenix, Arizona 85004
6 Tel: (602) 250-2052
7 Fax: (602) 250-3393
8 E-Mail: Thomas.Mumaw@pinnaclewest.com
9 Melissa.Krueger@pinnaclewest.com
10 Attorneys for Arizona Public Service Company

11 **BEFORE THE ARIZONA CORPORATION COMMISSION**

12 **COMMISSIONERS**

13 SUSAN BITTER SMITH, Chairman
14 BOB STUMP
15 BOB BURNS
16 DOUG LITTLE
17 TOM FORESE

18 IN THE MATTER OF RESOURCE
19 PLANNING AND PROCUREMENT.

DOCKET NO. E-00000V-13-0070

20 IN THE MATTER OF THE COMMISSION'S
21 INQUIRY INTO POTENTIAL IMPACTS TO
22 THE CURRENT UTILITY MODEL
23 RESULTING FROM INNOVATION AND
24 TECHNOLOGICAL DEVELOPMENTS IN
25 GENERATION AND DELIVERY OF
26 ENERGY.

DOCKET NO. E-00000J-13-0375

**APS'S COMMENTS IN
RESPONSE TO COMMISSIONER
BURNS' JANUARY 27, 2015
LETTER**

27 APS submits the following comments in advance of the February 26, 2015
28 workshop and in response to Commissioner Robert Burns' January 27, 2015 letter. APS
looks forward to discussing these issues at the workshop.

A. Improvements to the IRP Process

As noted in APS's December 5, 2014 Comments to Staff's Assessment of 2014
Integrated Resource Plan (IRP), which are incorporated herein by this reference, APS
agrees that the current IRP process in Arizona could be improved by increasing the
transparency of the process and including earlier input from the Commission and

1 stakeholders. Specifically, APS proposed conducting a Request for Information (RFI)
2 early in the process to obtain technology specific information about the relative costs
3 and operational characteristics of various technologies, including feasible emerging
4 technologies. An independent monitor would review the RFI process and stakeholders
5 would be afforded the opportunity to provide input into the RFI. The results of the RFI
6 would be provided to the Commission and its consultant.

7 APS also proposed that a Commission led workshop or workshops be held during
8 the IRP development process. APS suggested that such workshop(s) address issues such
9 as utility system needs, upcoming generation needs, potential planning scenarios, load
10 growth and forecasts. The workshops would involve the Commissioners, Commission's
11 IRP consultants and Staff, all jurisdictional utilities, and stakeholders, and would
12 provide a formal opportunity for these groups to provide input earlier in each utility's
13 planning process. The workshop could also be used to address the comment raised by
14 RUCO and others regarding providing a formal mechanism for earlier input into the
15 process by the Commission and affected stakeholders on critical inputs such as load
16 forecasts, resource costs, new technologies, impacts of future anticipated regulations and
17 customer preferences. APS may also conduct additional workshops and solicit customer
18 feedback as part of its process for preparing IRPs.

19 **B. Improving Coordination Between IRP and Existing Transmission**
20 **Planning Processes**

21 APS is also supportive of further enhancing the IRP process to include concepts
22 such as integration with transmission planning through consideration of the utility 10-
23 Year Transmission Plans and available long-range distribution initiatives such as
24 advanced grid technology deployment plans. APS is currently exploring whether, and if
25 so how, other jurisdictions integrate these two vital processes and looks forward to
26 discussing how this might work consistent with Arizona's existing rules and planning
27 processes. APS also supports utilizing the IRP process to better determine the level,
28 types, and timing of energy efficiency and other demand side management resources

1 needed on the system, such as load control programs and rate plans that influence
2 customer behavior.

3 **C. Assessment and Integration of Additional & Emerging Technologies**

4 In preparing its 2014 IRP, APS considered a wide variety of supply side and
5 demand side technologies, including emerging technologies. In that IRP, APS
6 emphasized rapidly changing markets and the need for highly flexible, responsive
7 generation. Consistent with this, APS assessed, among other things, the costs and
8 feasibility of employing flexible generation assets such as storage solutions, the impact
9 of distributed generation, and the deployment of advanced grid technologies such as
10 communication infrastructure, voltage management, automated switching, asset health
11 monitoring, and operational platforms. The results of this assessment are reported in
12 APS's 2014 IRP.

13 In its Report on Innovation and Technological Developments, filed December 19,
14 2014, Commission Staff discusses several technological developments that were topics
15 of presentations in the 2014 workshops and are expected to impact the utility industry,
16 stakeholders, and regulators. These developments include microgrids, expansion of the
17 advanced grid, distribution voltage optimization, and energy imbalance markets. As
18 discussed in the workshops, APS has already installed or is actively exploring each of
19 these technologies in order to modernize the grid, ensure flexibility, and enable choice
20 for our customers. APS supports Staff's recommendations for utilities to report progress
21 on development and integration of these advanced technologies within an expanded IRP
22 process.

23 **D. Resource Procurement and the APS-RUCO Memorandum of**
24 **Understanding**

25 As discussed in APS's December 5, 2014 Comments to Staff's Assessment of
26 2014 Integrated Resource Plan, APS has agreed that prior to proceeding with the
27 additional 300 MW of peaking capacity planned for the Ocotillo Modernization Project
28 (OMP), the Company would conduct a Request for Proposal (RFP) for approximately

1 300 MW of peaking capacity. This RFP was issued on January 30, 2015, and APS has
2 retained an independent monitor as required by the resource planning rules. Bids are
3 anticipated to be received by March 18, 2015.

4 The Commission and other interested parties have questioned how utility IRPs
5 and procurement decisions could be more transparent, and how stakeholders could have
6 more input to these processes. APS offers the following suggestions for discussion
7 regarding increased Commission involvement in utility procurement decisions. First,
8 APS recommends that the Commission actually approve, rather than merely
9 “acknowledge,” individual utility resource plans. With an IRP approval process, the
10 Commission would have a better opportunity to provide policy direction and guidance to
11 utilities regarding their future plans. In turn, an approval process would also provide
12 utilities with an increased level of certainty prior to proceeding with future plans.
13 Second, as noted above, APS has recommended that utilities conduct an RFI during the
14 initial IRP planning stages. An RFI will provide all parties with more robust
15 information regarding available technologies earlier in the IRP planning cycle that can
16 then be used to impact future planning and procurement decisions. Third, APS’s
17 agreement with RUCO to conduct an all-source RFP prior to December 21, 2016 will
18 provide information that can be considered in the IRP process as well as future
19 procurement decisions. In this all-source RFP, as with the OMP Peaking RFP, price
20 transparency will be gained for a variety of technologies, including energy storage.

21 **E. Potential Speakers**

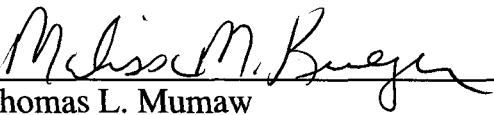
22 APS is happy to make available its in-house subject matter experts to present at
23 the February 26th workshop. Jim Wilde, Director of Resource Planning at APS, will
24 discuss IRP issues including the Company’s recommendations on process changes, and
25 Scott Bordenkircher, Director of T&D Technology Innovation and Integration at APS,
26 will discuss the Company’s testing, development, and adoption of emerging
27 technologies. APS also suggests the Commission consider inviting a representative
28

1 from the Regulatory Assistance Project to speak at the workshop to provide insights on
2 how resource planning is conducted in other jurisdictions.

3 **Conclusion**

4 APS looks forward to continuing discussions with the Commission and other
5 interested parties on emerging technologies, improvements to the IRP process, and other
6 important issues in the upcoming workshop.

7
8 RESPECTFULLY SUBMITTED this 6th day of February, 2015.

9
10 By: 
11 Thomas L. Mumaw
12 Melissa M. Krueger

13 Attorneys for Arizona Public Service Company

14
15 ORIGINAL and thirteen (13) copies
16 of the foregoing filed this 6th day of
February, 2015, with:

17 Docket Control
18 ARIZONA CORPORATION COMMISSION
19 1200 West Washington Street
Phoenix, Arizona 85007

20 Copies of the foregoing delivered/mailed this
6th day of February, 2015, to:

21 Janice Alward
22 Legal Division
23 Arizona Corporation Commission
24 1200 West Washington
Phoenix, Arizona 85007

C. Webb Crockett
Patrick J. Black
Fennemore Craig, P.C.
2394 East Camelback Road, Suite 600
Phoenix, Arizona 85016-3429
Attorneys for Freeport-McMoRan and AECC

25
26 Lyn Farmer
27 Administrative Law Judge
28 Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

Daniel W. Pozefsky
Chief Counsel
Residential Utility Consumer Office
1110 West Washington, Suite 220
Phoenix, Arizona 85007

1	Steve Olea	Anthony L. Wanger
2	Utilities Division	President
3	Arizona Corporation Commission	IO Data Centers, LLC
4	1200 West Washington	615 North 48 th Street
	Phoenix, Arizona 85007	Phoenix, Arizona 85008
5	James Hamilton	Christopher D. Thomas
6	Hamilton Consulting	Fred E. Breedlove III
7	822 North 5 th Avenue	Squire Sanders (US) LLP
	Phoenix, Arizona 85003	1 East Washington, 27 th Floor
8		Phoenix, Arizona 85004
9	Alan L. Kierman	Michael W. Patten
10	Director of Real Estate & Special	Jason Gellman
11	Counsel	Roshka DeWulf & Patten, PLC
12	IO Data Centers, LLC	One Arizona Center
13	615 North 48 th Street	400 East Van Buren Street, Suite 800
	Phoenix, Arizona 85008	Phoenix, Arizona 85004
14		Attorneys for TEP and UNS Electric
15	Cynthia Zwick	Stephanie Wojcik
16	Arizona Community Action Association	Finance Director
17	2700 North 3 rd Street, Suite 3040	Town of Wickenburg
	Phoenix, Arizona 85004	155 North Tegner, Suite A
18		Wickenburg, Arizona 85390
19	Bradley S. Carroll	Peggy Gillman
20	Kimberly A. Ruht	Manager of Public Affairs & Energy Services
21	Tucson Electric Power Company	Mohave Electric Cooperative, Incorporated
22	88 East Broadway Boulevard	P.O. Box 1045
	Mail Station HQE910	Bullhead City, Arizona 86430
23	P.O. Box 711	
24	Tucson, Arizona 85702	
25	Michael A. Curtis	Heather McInnelly
26	William P. Sullivan	Renewable Resources Specialist
27	501 East Thomas Road	Navopache Electric Cooperative
28	Phoenix, Arizona 85012-3205	1878 West White Mountains Boulevard
	Attorneys for Town of Wickenburg,	Lakeside, Arizona 85929
	Mohave Electric, HoHoKam,	
	Navopache Electric	

1 Sidney Smith
2 Manager
3 HoHoKam Irrigation & Drainage
4 District
5 142 South Arizona Boulevard
6 Coolidge, Arizona 85128

Court S. Rich
Rose Law Group pc
7144 East Stetson Drive, Suite 300
Scottsdale, Arizona 85251
Attorney for TASC

5 Dillon Holmes
6 Clean Power Arizona
7 9635 North 7th Street, #47520
8 Phoenix, Arizona 85068

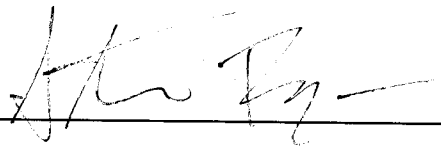
Christopher Hitchcock
Law Offices of Christopher Hitchcock
P.O. Box AT
Bisbee, Arizona 85603-0115
Attorney for SSVEC

9 John Wallace
10 GCSECA
11 2210 South Priest Drive
12 Tempe, Arizona 85282

Lawrence V. Robertson, Jr.
P.O. Box 1448
2247 East Frontage Road, Suite 1
Tubac, Arizona 85646
Attorney for Noble Americas

13 Jack Blair
14 Sulphur Springs Valley Electric
15 Cooperative, Inc.
16 311 East Wilcox Drive
17 Sierra Vista, Arizona 85635-2527

Greg Bass
Noble Americas Energy Solutions
401 West A Street, Suite 500
San Diego, California 92101

18 
19
20
21
22
23
24
25
26
27
28